

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeen G. Kelly.

Northwest Pipeline Corporation

Docket No. RP05-512-000

ORDER ACCEPTING AND SUSPENDING TARIFF SHEET, SUBJECT TO  
CONDITION

(Issued August 16, 2005)

1. In this order, the Commission approves Northwest Pipeline Corporation's (Northwest) request to file a new tariff sheet reflecting the creation of two new natural gas storage pools. The Commission will accept the proposed tariff sheet for filing and suspend it for five months, subject to an additional filing by Northwest addressing the need for the additional pools and its effect on the rates of its customers.

**I. Details of the Filing**

2. On July 18, 2005, Northwest filed a revised tariff sheet<sup>1</sup> proposing to update its system map to reflect two new pools (called the Mist Pool and Deer Island Pool) and to eliminate outdated receipt points associated with the pools pursuant to section 14.19(b)(ii) of the General Terms and Conditions (GT&C) of its tariff.<sup>2</sup> Northwest states that boundaries between its pools are determined based on physical constraint points on Northwest's mainline and that no existing pool boundaries have been changed.

3. Northwest states that the Mist Pool and the Deer Island Pool were recently established due to new receipt points connected to Northwest's system. Northwest states that the new Mist Pool was established for the Molalla receipt point located on

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<sup>1</sup> Second Revised Sheet No. 4 to FERC Gas Tariff, Third Revised Volume No. 1.

<sup>2</sup> Section 14.19(b)(ii) of Northwest's GT&C requires it to update its system map on a regular basis and to seek Commission approval 30 days before modifying any pool boundaries and that any changes to pool boundaries will go into effect on the first calendar day of the month.

Northwest's Camas to Eugene lateral in Oregon.<sup>3</sup> Northwest states that the Deer Island Pool was established for the Deer Island receipt point located on Northwest's Astoria lateral in Washington.<sup>4</sup>

4. Northwest asserts that an updated listing of the pools and the associated receipt points have been maintained on Northwest's Internet web site at [www.iline.williams.com](http://www.iline.williams.com). Northwest requests an effective date of August 18, 2005, for its proposed tariff sheet.

## **II. Public Notice and Comments**

5. Northwest's filing was noticed on July 21, 2005, with interventions and protests due on or before August 1, 2005. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2005)). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214. Northwest Natural Gas Company (NW Natural) filed a protest as discussed below.

6. On August 8, 2005 Northwest filed an answer to NW Natural's protest. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.213 (a)(2) (2005)) prohibits an answer to a protest unless otherwise ordered by the decisional authority. We are not persuaded to accept Northwest's answer and will therefore reject it.

## **III. Protest of Northwest Natural Gas Company**

7. NW Natural's protest requests that the Commission require Northwest to create a single natural gas storage pool instead of the two pools that Northwest proposes. NW Natural argues that both the Deer Island Pool and Mist Pool both serve NW Natural's Mist Storage Field and that a single pool, whether created physically or by displacement, would provide the most convenience to NW Natural's customers, and create greater market liquidity.

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<sup>3</sup> Northwest states that the new Molalla receipt point was installed under Northwest's blanket certificate authority in 2004 as reported to the Commission in Docket No. CP05-237-000.

<sup>4</sup> Northwest notes that the new Deer Island receipt point was installed under Northwest's blanket certificate authority in 2003 as reported to the Commission in Docket No. CP04-212-000.

8. NW Natural also alleges that Northwest failed to describe any physical constraints between the proposed Mist Pool and the proposed Deer Island Pool that would justify the creation of two separate pools. As an example of the type of pool it believes would be most advantageous, NW Natural points to the Columbia Pool on the eastern half of Northwest's pipeline which includes a large geographic area under a single pool.

#### **IV. Discussion**

9. Northwest's proposal is to create two new pools, each containing only one receipt point. Section 14.19(b)(ii) of Northwest's GT&C requires any changes to existing pool boundaries must be submitted to the Commission at least 30 days prior to such changes being implemented. However, Northwest's instant application does not provide sufficient information for the Commission to make an informed determination on the justness and reasonableness of Northwest's proposal.

10. Section 14.19(h)(i) of Northwest's GT&C states that nominations to a pool from an associated receipt point will not incur transportation or fuel charges. However, section 14.19(h)(ii) further states that nominations to a pool from a non-associated receipt point will incur transportation and fuel charges. The Commission is concerned that by changing pool boundaries and unilaterally changing which transactions will be charged, Northwest could dramatically change the amount of revenues it recovers from particular shippers such as NW Natural.<sup>5</sup> Northwest has not explained in its initial filing what rate impact (if any) the proposed pooling boundary changes may have on existing shippers in accordance with § 154.204 of the Commission's regulations.

11. Additionally, section 1.2.3 of the North American Energy Standards Board's (NAESB) pooling standards define pooling as "1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or 2) the disaggregation of gas from a single physical or logical point to multiple physical and/or logical points."<sup>6</sup> Northwest has not explained how its proposal to create a pool with only a single associated receipt point meets this standard.

12. Accordingly, we will require Northwest to file additional information to explain the operational basis and rate impact in a supplemental filing. The filing must address all operational limitations or constraints that create the need for two pools instead of a single pool. Second, it must address any other reason, such as financial, for its selection of the proposed pool boundaries. Third, it must address the rate impact (if any) of the newly created pools on existing shippers such as NW Natural and whether creating one

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<sup>5</sup> *Northwest Pipeline Corp.*, 80 FERC ¶ 61,361 at 62,243 (1997).

<sup>6</sup> See 18 C.F.R. § 284.12(a) (2005) incorporating by reference NAESB standards.

pool as opposed to two pools impacts those rates in accordance with § 154.204 of the Commission's regulations. Fourth, it must address how its proposal of a pool with a single receipt point meets the NAESB standards.

13. Since Northwest has not provided enough information for the Commission to make a determination on the proposed pooling boundaries, we will accept Second Revised Sheet No. 4, suspend it for five months, to be effective January 18, 2006, and require that Northwest make an additional filing, within 20 days of the issuance of this order, addressing the points above. Parties to this proceeding may file comments addressing Northwest's supplemental information within 10 days after Northwest's supplemental filing.

The Commission orders:

(A) Second Revised Sheet No. 4 is accepted and suspended for five months, to be effective January 18, 2006, subject to further order and subject to the condition discussed herein.

(B) Northwest is required to file supplemental information within 20 days of the issuance of this order and parties will have 10 days to file comments on the information.

By the Commission.

( S E A L )

Linda Mitry,  
Deputy Secretary.